

2018 Valuation Shows Funding Improvement Gains

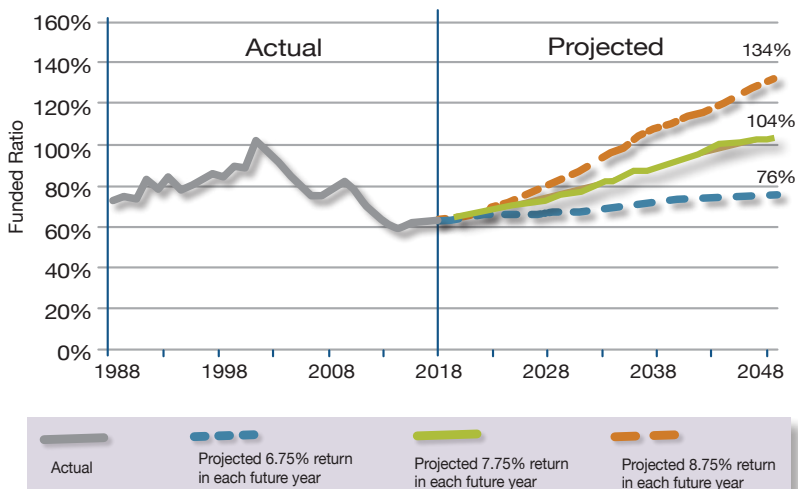
The NDTFFR Board of Trustees received the annual pension valuation results from its actuarial consultant, Segal Consulting. The [2018 valuation](#) provides a financial “snapshot” status of the NDTFFR plan as of July 1, 2018.

The 2018 valuation shows TFFR’s actuarial accrued liability (AAL) increased from \$3.73 billion to \$3.86 billion. The unfunded portion of the actuarial accrued liability (UAAL) slightly decreased from \$1.35 billion to \$1.34 billion. The actuarial value of assets (AVA), which averages investment gains and losses over five years, increased from \$2.38 billion to \$2.53 billion. TFFR’s funded ratio (percent of actuarial assets compared to plan liabilities) increased from 63.7% to 65.4% in 2018. This means TFFR currently has about 65 cents for every one dollar it needs to pay present and future benefits earned by members.

Over the long term, TFFR’s funding level is projected to gradually continue improving. As you can see from the chart below, if TFFR earns 7.75% investment returns in the future, the plan should be fully funded in about 25 years if all actuarial assumptions are met. Member and employer contribution rates will be reduced when 100% funding is achieved. If long term returns are greater than 7.75%, funding progress will be reflected sooner. However, if returns are less than 7.75%, funding improvement will take longer.

A long term focus is very important in financing pensions. Legislative changes approved in 2011 increased member and employer contribution rates and modified the benefit provisions for certain non-grandfathered and new members. Because of this, TFFR’s funding outlook is positive, and benefits are secure for past, present, and future ND educators.

TFFR Funded Ratio (AVA)



To ensure TFFR’s sustainability going forward, however, we must continue to recognize and adapt to changes that impact the plan now and in the future – for example, life expectancies that are increasing and financial markets that remain challenging and uncertain. In recognition of these issues, the TFFR Board took steps a few years ago and reduced the long-term investment return assumption from 8.0% to 7.75% and adopted new mortality tables to reflect that people are living longer. Both of these changes increased the plan’s liabilities, resulting in an increase in the amount of time TFFR would need to become fully funded. While TFFR has achieved its investment return assumption over the long term, (30-year average is 7.98%), the Board will need to consider reducing the 7.75% investment return assumption further when an Actuarial Experience Study is done later this year. The complete [2018 actuarial valuation report](#) is available on the TFFR website.

TFFR Board of Trustees

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Toni Gumeringer, Active Trustee
Cody Mickelson, Active Trustee
Mike Burton, Retired Trustee
Mel Olson, Retired Trustee
Kirsten Baesler, State Superintendent
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Darren Schulz, Deputy CIO
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*Articles are for general information only and are not intended to provide specific advice or recommendation.
Other forms of this newsletter are available upon request.*



Fay Kopp
NDTFFR Chief Retirement Officer
NDRIO Deputy Executive Director

Making Lists



I once read that people who want to appear clever rely on memory, but people who want to get things done make lists.

Since I'm not very clever, I became a serious list maker. Books to read. Shows to see. Podcasts to listen to. Shopping. Birthdays. Christmas. Places to go. Home projects. Work projects. To do lists. Not to do lists. If it can be on a list, then I probably have it on a random list somewhere.

I love my lists. But I realize it will take a long time to accomplish all of the things I have on them. Why? Well for starters, there are many things on the list I can't get done by myself. I need help. Fortunately, we have a great staff to work on many of the TFFR items, but active and retired members can also get involved. In case you are interested, here are some of the items on my **TFFR To Do List**:

- ☐ *Encourage active and retired members to access their TFFR accounts using Member Online Services. (See Member Online article about how easy it is to sign up!)*
- ☐ *Obtain legislative approval to upgrade or replace TFFR's outdated pension administration computer system with modern, web-based software to improve security, functionality, and automation of TFFR processes. (See 2019 legislative budget request for updated pension software.)*
- ☐ *Reduce printing, postage, and mailing costs and increase staff efficiency by utilizing more electronic communication methods with members and employers. (See 2019 legislative budget request for updated pension software.)*
- ☐ *Improve TFFR funding over the long term. (Members and employers are doing their part through higher contribution rates and modified benefits, but we must be vigilant.)*
- ☐ *Communicate the many benefits of the TFFR defined benefit plan which provides lifetime financial security for ND's public school educators.*
- ☐ *Listen to members and employers, learn how TFFR can improve service, and take appropriate actions.*

Nelson Mandela once said, "It always seems impossible until it's done." Working together, I think we can get things done and checked off the TFFR list. As always, please contact me with questions or concerns.

Member Online – Sign Up Today

Member Online Login Instructions:

1. From the TFFR website, www.nd.gov/rio/tffr select **TFFR Online Applications**.
2. Enter your Personal North Dakota Login.
 - If you have a Personal ND login for ND Teach, STARS, DOT, or a Hunting/Fishing License, you can use that here.
 - If you are unsure or do not have a personal ND Login, please create one by clicking "Register Now" and fill out only the required fields denoted with an asterisk (*).
3. Once you log in successfully with your Personal ND Login and password, you will be prompted for your TFFR Person ID (listed on your Annual Statement). If you do not have your Person ID number, please contact the TFFR office and your ID number will be mailed to your address we have on file.
4. After you have successfully logged into TFFR Member Online, you will only be required to enter your Personal ND Login ID and password on future visits.

New Retirement Application Process

- **Review the [TFFR Retirement Guide](#)** found on the TFFR website. The purpose of the retirement guide is to give you a basic understanding of the steps you need to take to receive your TFFR pension benefits and to help you make informed decisions along the way.



- **Complete a [Retirement Application](#)** also found on the TFFR website. Return the completed Retirement Application to TFFR along with the applicable documents at least 120 days prior to your retirement date. The new Retirement Application combines multiple forms into one easy form to complete. About a month before your benefits begin, you will receive a letter and your TFFR retirement enrollment form to select your benefit payment option.

2019 Legislation Affecting TFFR

The 66th Legislative Assembly began on January 3, 2019. As of this writing, there have been no bills filed that will directly impact TFFR benefits, contributions, or funding. There are, however, two bills that relate to TFFR. The [2019 Legislation](#) page on the TFFR website provides bill language and detailed testimony on the following bills.

HB 1044 TFFR technical corrections bill submitted by TFFR Board. HB 1044 includes specific statutory language required by the Internal Revenue Code for TFFR to maintain its status as a qualified governmental pension plan. The changes do not have an actuarial cost impact on the plan.

SB 2022 Retirement and Investment Office (RIO) appropriations bill includes the 2019-21 agency budget for administering the TFFR retirement program and State Investment Board investment program. In addition, RIO is requesting one-time spending approval of up to \$9.14 million to upgrade or replace TFFR's outdated pension administration computer system which has been in operation for over 13 years and is at the end of its product life cycle. A modern web-based system would provide significant improvements in functionality, efficiency, and system security for TFFR members, employers and staff. An updated system is needed in order for TFFR to re-engineer business processes and automate pension administration activities, reporting capabilities, electronic communications and member and employer services.

Although staff is monitoring various other pension and investment related legislative proposals, we are not aware of any other specific proposals that appear to have TFFR implications at this time.



Public Pension Coordinating Council

Recognition Award for Administration 2018

Presented to

North Dakota Teachers' Fund For Retirement

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkler
Alan H. Winkler
Program Administrator

TFFR Receives Award

The ND Teachers' Fund for Retirement has received the 2018 Public Pension Coordinating Council Recognition Award. This award is designed to recognize and commend public employee retirement systems that meet professional standards for pension plan administration.

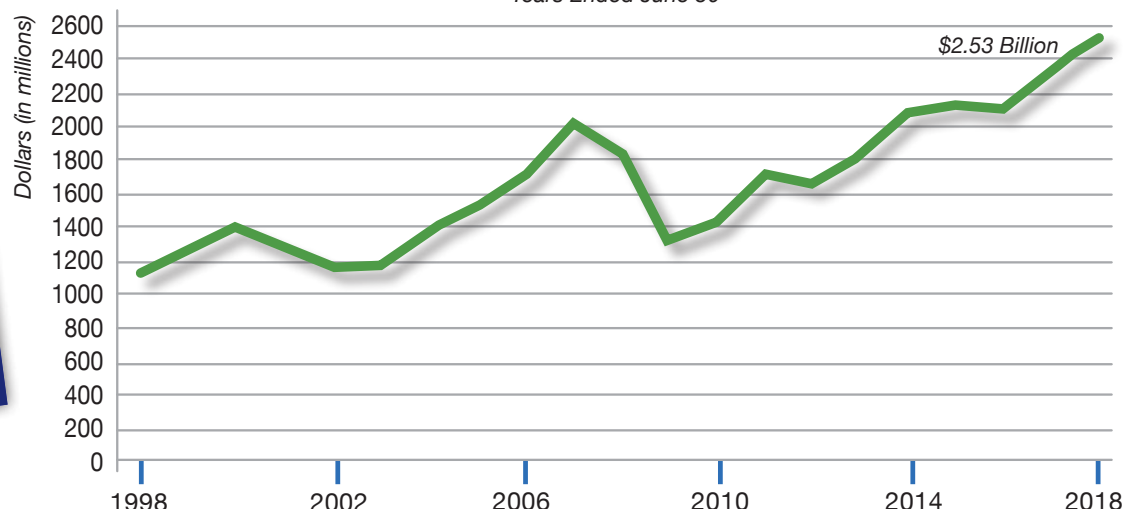


2018 Annual Report Summary

NDRIO's annual Comprehensive Annual Financial Report (CAFR) has been published for fiscal year July 1, 2017 – June 30, 2018. The report provides a detailed look at investment, financial, actuarial, and statistical information. The 2018 CAFR, actuarial report, and audit report are posted on the NDRIO website at www.nd.gov/rio/TFFR/Publications or by request to our office.

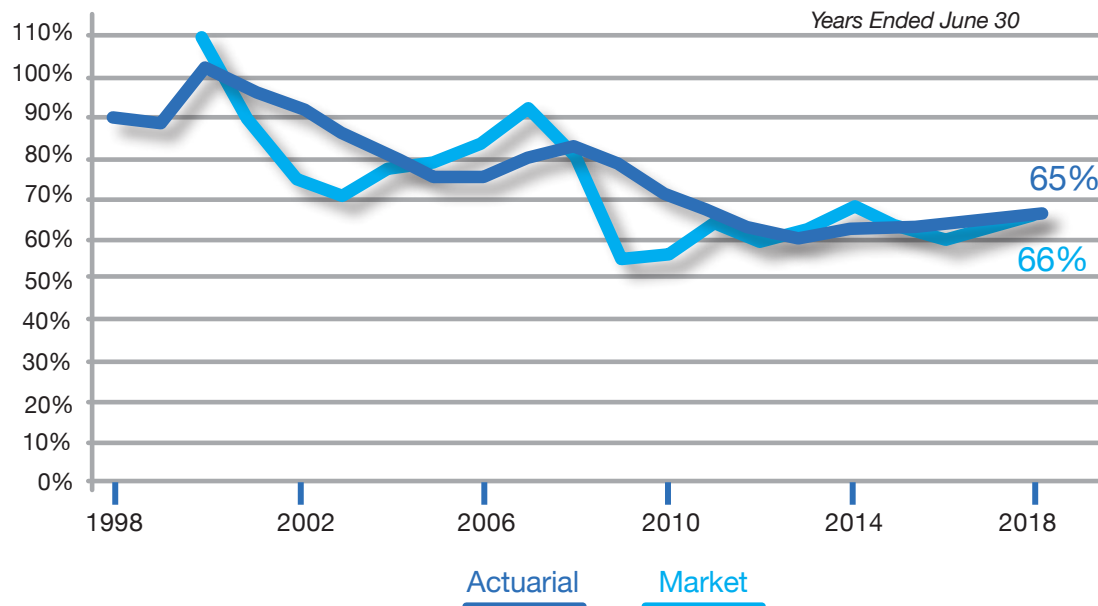
Market Value of TFFR Assets

Years Ended June 30



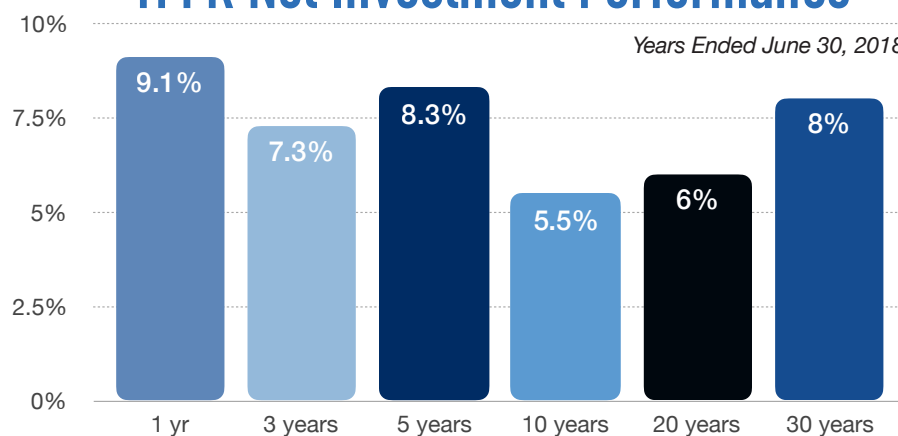
TFFR Funded Ratio – Market vs Actuarial

Years Ended June 30



TFFR Net Investment Performance

Years Ended June 30, 2018



Statement of Net Position as of June 30, 2018

	in millions \$
Assets	
Global Equities	\$1,441.1
Global Fixed Income	589.4
Global Real Assets	416.9
Invested Cash	28.6
Receivables	36.3
Other Assets	28.0
Total Assets	\$2,540.3
Deferred Outflows Related to Pensions	\$.8
Liabilities	
Accounts Payable	\$ 0.6
Accrued Expenses	2.4
Other Liabilities	7.4
Total Liabilities	\$ 10.4
Deferred Inflows Related to Pensions	\$.00
Net Position on June 30, 2018	\$2,530.7

Changes in Net Position During Fiscal Year 2018

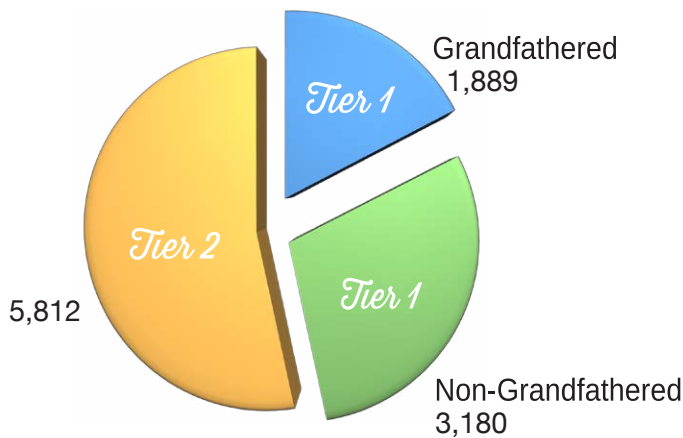
	in millions \$
Cash Position	
Net Position on June 30, 2017	\$ 2,360.5
-Additions-	
Member Contributions	\$79.9
Employer Contributions	86.7
Other Additions	2.4
Investment Income (Loss)	211.3
Total Additions	\$ 380.3
-Deductions-	
Benefits Paid	\$202.4
Refunds	5.6
Administrative Expenses	2.1
Total Deductions	\$ 210.1
Total Change in Net Position	\$170.2
Net Position on June 30, 2018	\$ 2,530.7

Columns may not foot due to rounding.

Membership Statistics – June 30, 2018

Tier Membership

Total Active Members: 10,881



Active Members

Avg Annual Salary	\$60,055
Avg Age	Age 42
Avg Service	12 yrs
Oldest Active Member	Age 78
Most Service	47 yrs

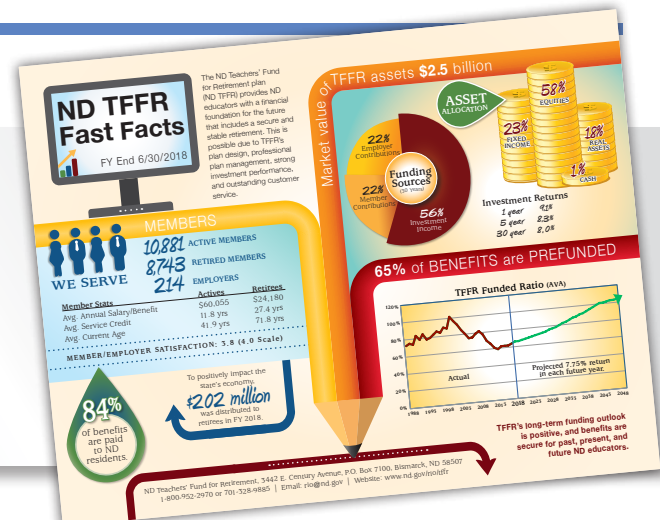


Retired Members

Avg Annual Pension	\$24,180
Avg Current Age	Age 72
Avg Service	27 yrs
Oldest Retiree	Age 109
Most Service	57.5 yrs

TFFR Fast Facts

Looking for a simple summary of TFFR statistics and plan benefits? Then the 2018 ND TFFR Fast Facts is your answer. The document is available on the NDRIO website at www.nd.gov/rio/TFFR/Publications.



TFFR Officers Elected

The Teachers' Fund for Retirement Board (TFFR) Board chose the following members to hold leadership positions for the 2018-19 fiscal year. The Board also selected Dr. Lech, Toni Gumeringer, and Mel Olson to represent TFFR on the State Investment Board.

Dr. Rob Lech
President



Mike Burton
Vice President



Annual Statewide Retirement Education Workshops

Find answers to your retirement questions — attend a TFFR Retirement Education Workshop.

To help ND educators better understand and prepare for retirement, TFFR hosts statewide retirement education workshops. The workshop covers TFFR benefits, estate planning, financial planning and retiree health insurance options.

The retirement workshops will be held in Bismarck on July 24, 2019 and Grand Forks on July 31, 2019. The workshops begin at 8:00 am and conclude at 1:00 pm. Each site will have limited attendance, so register early.

To register, call 1-800-952-2970 or 328-9886.

All members and spouses are invited to attend. The workshop provides a wealth of retirement information provided by experienced professionals at no charge to you. Don't miss this opportunity. Call now!